

Introduction: Transforming the Organization to Win in the Digital Age

In sections one to three, I talked about the why and what of digital transformation. In section four, we shifted the discussion to the how of digital transformation, and I explained how the global delivery model is a critical aspect of execution in the digital age. In this section, I go deeper into the how of digital execution and explore the organizational elements that are necessary to support successful digital transformation.

Digital transformation cannot be successful without organizational transformation

I have made the point in the earlier sections that that for digital transformation to be successful, it has to be end to end. Digital transformation is not just about technology. In fact, many digital transformation programmes fail because they are conceived and executed narrowly as just technology programmes. Moreover, digital is not just about changing the customer experience; it also about changing business and operating models. Such a significant range of change cannot be successful and sustainable unless it is accompanied by organizational transformation.

Digital is about a new way of doing things. You need to move with speed, execute iteratively rather than sequentially, put more focus on experimentation and innovation, and take a lot more risks. In addition, technology has to become a core part of your DNA, whatever industry you are in. These changes cannot be sustained without a rewiring of the organizational culture. Change in the organizational culture is probably the most important enabler for digital transformation, allowing the enterprise to go beyond individual programmes and effect a more pervasive shift in the organizational DNA.

But culture takes a long time to develop, and it is not easy for an enterprise and its functions to change quickly. In the digital age, when the pace of change is very high, when new competitors are constantly emerging and business cycles are shrinking, the question is, what is the sustainable basis for an organization's success?

I believe there are at least seven organizational capabilities that are key to sustained success in the digital age:

1. **Proprietary knowledge:** In an era when information is so easily accessible, proprietary knowledge becomes a source of competitive advantage. In fact, I would submit that in the digital age every enterprise has to be a knowledge company. However, the challenge is that proprietary knowledge is typically tacit. So, enterprises have to be very purposeful in codifying tacit knowledge and making it accessible to the rest of the organization.
2. **Innovation:** The foundation of the digital age is innovation, and every organization has to build that as a core competence. Innovation is of four types: process, product, customer experience and business model. Often enterprises focus more on incremental process innovation. However, to compete in the digital age, enterprises have no option but to invest in more radical business model innovations. Moreover, this calls for not a one-time effort or a stray stroke of genius. Innovation has to

become ingrained in the enterprise as a systematic process and organizational capability.

3. **Agility:** Speed is probably the most distinct attribute of the digital age. Time to market and cycle time requirements are changing dramatically. This cannot be achieved unless a fundamental shift happens in the ‘way we work’. Agile is that fundamental shift. Agile began as a new way of doing software development but has expanded to cover all activities in the strategy-to-execution cycle in an enterprise.
4. **Learning:** The digital age is about constant change. So, the only way an enterprise or an individual can remain relevant is through continuous learning. The nature of learning is changing dramatically. It is becoming more self-directed, digital and byte-sized. Enterprises must harness the tremendous advancements happening in learning methods and technology and build learning as a core competence.
5. **Diversity:** In the complex world we live in today, monolithic approaches cannot work. Diversity of thought and experience is necessary to effectively deal with complexity. Diversity in all its dimensions – gender, racial, geographic, age – is no more a good-to-have but a necessary basis for an organization to compete effectively in the digital age.
6. **Change management:** In the digital age, change is something significant and relentless. You cannot sit on your laurels. I believe companies in most industries now need to significantly transform themselves – from strategy to operating model – every three to four years. In such a scenario, change management has to become a core competency for every organization.
7. **Enabling functions:** HR and Finance are typically seen as support functions. However, in the digital age they are assuming a more critical role. HR is a key enabler of most of the elements of organizational transformation that we have mentioned above. Given the higher risks and investment needs of an enterprise for competing in the digital age, the role of Finance also becomes

more significant. CHRO and CFO roles are becoming the most important CXO roles, apart from that of the CEO. However, these functions are often set in a legacy order-taker or control mindset and need to step up significantly to meet the new expectations.

As the digital age plays out, the question as to the future of work arises. 'Future of Work' has been a topic of discussion for decades. This discussion is now becoming more real with the growth of AI. Man-versus-machine debates are occupying the popular imagination. My belief is that AI will have a very significant impact on the nature of work; it is a question of man *and* machine and not one of man *versus* machine. It is important that enterprises and leaders understand the impact of AI on their specific industries and functions and take proactive steps to redesign jobs accordingly.

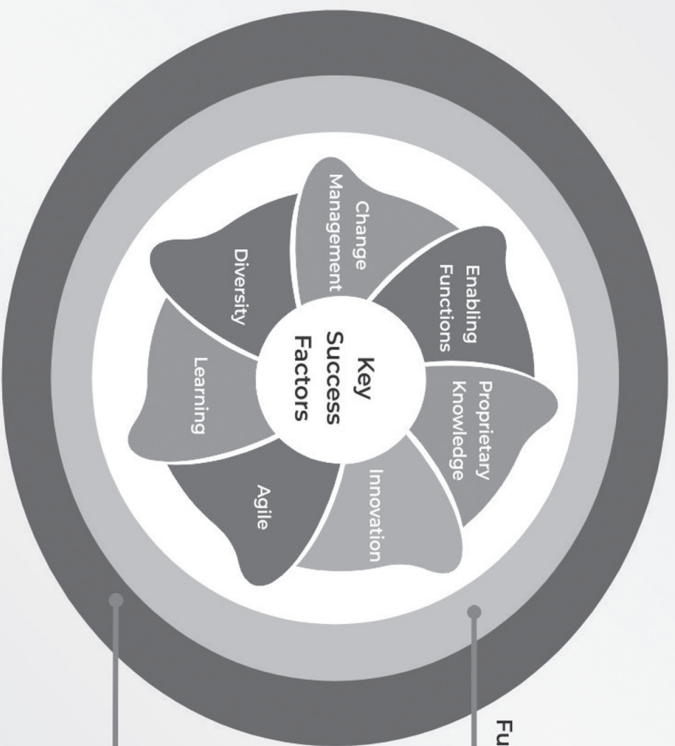
In this section, I explore a number of topics I have mentioned in this introduction:

Chapter 1- Building an organizational culture to succeed in the digital age

Across a number of world-class firms like McKinsey and Fidelity, culture has been the bedrock of their enduring success, bringing consistency and common purpose across their global footprint.

- In the VUCA world, it is critical for an enterprise to have a consistent work culture; however, it will need to go one step further and also build an entrepreneurial culture to succeed. In this chapter, I share nine aspects that are critical for success in the digital age. These are distinct attributes that enterprises will need to consciously incorporate into their culture.
- However, just articulating these attributes is not enough. We need to integrate them into the way we work to create a definitive

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Future of Work : Man + Machine

Culture : Anchored in Values

culture at the enterprise. This is a slow and complex process. It can be achieved by setting the direction for employees through a set of clearly articulated *values*, encouraging *role modelling* by leadership, and *institutionalizing the culture* through performance and reward processes, to name a few ways.

Chapter 2 - Knowledge management – a key to differentiation in the digital age

In this chapter I have covered the need for a shift in approach from vesting know-how with a small cohort of experts to a systematic method of knowledge management. This will involve:

- *Building effective knowledge management capabilities and enabling the knowledge cycle.* You will need to identify the different types of knowledge needs, as per business priorities. Second, you will need to clearly establish the knowledge experts and those who need the knowledge. And third, you will need to finally establish processes and invest in the technology to ensure that the required knowledge is available to the seekers on a timely basis.
- *Establishing a culture of knowledge-sharing and collaboration.* Knowledge management initiatives are complex and time consuming. Moreover, their ROI cannot be easily established. The success of any knowledge management effort is dependent on leadership sponsorship, establishing a culture that encourages knowledge-sharing and collaboration, and creating a well-defined knowledge architecture supported by the right investments in knowledge processes and technology.

Chapter 3 - Innovation – a call to action

In this chapter I focus on innovation by taking the example of the Indian IT/ BPM industry.

- The value proposition of this industry was built on high-quality, low-cost technology talent, ability to scale up at speed, customer responsiveness and a strong process orientation.
- However, due to the impact of digital transformation and the changing expectations of the customer, the ask from Indian IT/BPM firms has changed significantly.
- The Indian IT/BPM industry needs to step up its game when it comes to innovation. It cannot afford incremental approaches anymore and needs to place bigger bets on product and business model innovation.
- To step up to the challenge, the IT industry will need to go beyond its long-standing success formula, step up its innovation budget commitments, better understand customer pain points, and explore collaboration with start-ups and acquisition of firms with niche skills.

Chapter 4 - Key insights from my first Agile training

In this chapter, I give my key insights on Agile from my reflections following my first Agile training. I have distilled eight key points, such as: agile is not just about project planning and software development but is applicable to all business functions including strategy and planning; to be agile you have to simplify your processes and empower teams to drive outcomes; in a world where you cannot predict developments beyond the next six to twelve months, the 'fail fast' approach works best, and you have to get accustomed to not working and operating sequentially.

Chapter 5 – Learning to reinvent for tomorrow

Every organization has to focus on continuous learning for its employees to adapt to the changing needs of the digital age. The Learning and Development (L and D) function, if leveraged well, can be used to build enterprise capability as well as provide

it a competitive advantage. L and D priorities should help the organization meet its short-term and long-term goals by building strong technical, professional, leadership and change management capabilities. For the learning process to be effective, the content should have a degree of personalization, be byte-sized and virtual, and drive a culture of self-directed learning.

Chapter 6 - Women in leadership

Most technology companies employ a large proportion of women, varying from 25 percent to 45 per cent of their workforce. However, as you get to mid-senior management levels, this proportion drops dramatically. Diversity in the workforce is an imperative, not only to ensure that it is a good representation of society but also so that it is a driver of innovation, has the right balance of empathy and gives a better understanding of the buying behaviour of customers.

To drive better diversity representation, enterprises will need to create processes as well as changes in workplace design that help women employees manage maternity and their subsequent return to work, as well as help them to continue in the workforce as their responsibilities grow.

Chapter 7 - Lessons in change management

In the digital age, organizations have no option but to adapt to the rapidly changing environment.

- Despite the inevitability of change, many organizations have been struggling to drive effective change management programmes. In this chapter, I have articulated the seven best practices that form the critical ingredients of a successful change management programme.
- Overall, enterprises have to carefully craft and monitor the transformation process and use all possible levers to capture the hearts and minds of their people.

- The transformation journey should begin with setting clear change goals, help employees understand the implications of the change process, and celebrate quick wins to build momentum. Communication is a powerful enabler which, if used well, can have a great impact in galvanizing the change process.

Chapter 8 - How HR needs to transform to lead in the VUCA world

HR has a historic opportunity to play a pivotal role in helping organizations navigate through these uncertain times in the VUCA world. This is because the nature of challenges organizations face in the VUCA world requires many solutions to come from HR.

- Areas where HR should take the lead in driving change include
 - playing the role of culture champions, organizational redesign, resetting of learning and development strategies, driving new approaches to talent acquisition and engagement in the VUCA world.
- However, the HR function needs to make a number of changes to step up its impact, such as upgrading its own talent DNA, leveraging advancements in technology and data, and stepping up the positioning of its function in the enterprise.

Chapter 9 - Future of Work: unlocking the potential of the workforce through AI

Through this chapter I have tried to provide a better understanding of the effects of AI on the future of work. I strongly believe that the future will be about 'man and machine' and not 'man versus machine'. If we reinvent our business processes, we will be able to take advantage of AI technologies to fundamentally reshape the nature of our work, create positive business impact and fetch benefits for our workforce. AI will not only impact the nature of jobs but

can also enhance employee engagement by helping enterprises track issues more dynamically and become capable of more targeted and personalized interventions.

I strongly believe that organizational transformation is the key to successful and sustainable digital transformation. And I hope my experiences and insights in the chapters ahead will be helpful in your journey of transforming your enterprise.